International Council of Shopping Centers

NACO National Association of Counties

Partnership for Economic Opportunity

Getting Started: Business Development for Small and Mid-Sized Counties, Part 2—the Glossary

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In recognition of the strong interest in and responsibility for assuring the health and vitality of rural America, the National Association of Counties and the International Council of Shopping Centers have come together in partnership to promote sustainable economic development in mid-sized and rural American counties. As the level of government closest to citizens, NACo realizes that there is much that educated county officials can do to better position their communities to recruit and retain businesses. ICSC, as the leading representative of the retail and development industry recognizes the benefits of collaborating with county leaders to assure the economic health of a vital segment of America.

To work collaboratively in addressing the problems facing rural America, NACo and ICSC signed a National Partnership Agreement in November 2003, linking the two organizations through a Partnership for Economic Opportunity. Through ICSC's Alliance Program, and NACo President Karen Miller's Presidential Initiative for Sustainable Rural Economic Development, ICSC and NACo are providing county and business leaders with opportunities to build relationships, learn from each other, and create and retain businesses in small and mid-sized counties.

ICSC and NACo are pleased to release 'Getting Started: Business Development for Small and Mid-Sized Counties, Part 2—the Glossary, the second publication of the partnership. The publication begins with an explication of the role of the *developer* in creating businesses. It is followed by a glossary of terms and definitions key to the business creation, site selection, and community development process, produced in part as a recommendation of the Rural Markets Task Force formed by NACo and ICSC to guide the partnership's efforts.

NACo joins ICSC in thanking two of their members, Brad Hutensky, The Hutensky Group, Trumbell, CT and Mark Miller, Orion, OH for assisting with the compilation of this information. This glossary, the second publication of NACo- ICSC Partnership for Economic Opportunity, will be released during the NACo Presidential Initiative Business Development Luncheon Forum and Workshop, July 19, 2004 in Maricopa County (Phoenix), Arizona.

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ROLE OF THE DEVELOPER

While the role of the developer may vary from project to project, in most cases the developer works for the owner (in some cases the public entity, in others himself) and is the overall manager of the many facets of a retail development project including:

- **Leasing:** Identifying and screening the tenants that are the foundation of any retail project. Without tenants, there is no project. Tenant mix consideration is important, as well as business terms like credit, rate, term and fit-out.

- **Planning:** The layout and eventual design of the center will in large part determine its viability. The developer works with architects and engineers to design a plan that is attractive to tenants, cost effective and pleasing to customers.

- **Government Relations:** The developer may have to work with local, state and federal officials on site control, funding and site plan approval. Often the public entity plays a lead or supporting role in this process.

- **Financing:** The developer may use his capital contacts to help secure financing for the project and will prepare the information necessary for both public and private sector funds.

- **Construction Management:** The developer will work with the general contractor to establish a scope and cost for the project. During construction, he will oversee the contractor to make sure the project comes in within cost and time budgets.

- **Property Management:** Ultimately, the developer will manage and account for the operation of the property to protect the owner's investment.

Based on our experience, we would recommend that public entities bring a qualified developer into their team as soon as possible in a project's life. How does one pick a qualified development partner? Ask other public entities the developer has worked with and look for the following:

1. **Experience in Retail Development** - A strong development partner should have excellent leasing capabilities and established relationships with retailers as well as a track record in planning, construction management, financing and government relations. Retail development is a specialty; non-retail developers are not qualified.

2. **Experience in Secondary Market Retail Development** - A developer must also have experience to appreciate the unique challenges and concerns of these types of projects. Ask: What other secondary retail projects have you completed?

3. **Commitment** - Retail projects often take many years to complete. A quality development partner must be committed to the long-term success of the project.

Ultimately, find a developer with both the talent and desire to want to complete your goals. Projects work best when there is an alignment in interest. We would also caution against putting forward goals for your retail project like "provide jobs for the community" or "give local merchants new stores". Rather these should be by-products of a comprehensive, long-term strategy. A better goal is to maximize the value of the property by creating a financially strong real estate asset that provides cash flow for its owner and quality shopping for the community. This will insure that the project is around for a long time to come, bringing stability, and the residual benefits such as job creation and economic development.

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A Short Glossary of Site Selection Terms

Acceleration lane. A short expansion of road allowing a vehicle to enter the traffic flow after building up speed. Cf: deceleration lane.

Access. The ingress (entering) and egress (leaving) from a major traffic artery. This may be easy or difficult.

Activity generator. An establishment, such as a recreation area, school, office, or shopping center, that draws people to a site

Analogue store. A competitive store that is similar in important characteristics to a prospective store. The performance record – sales, customers, market, and facility – of an analogue store is used to forecast the sales of a prospective store.

Anchors. The most important (usually larger) retailers of a shopping center. These are joined by smaller retailers, the sub-anchors, and by shops.

Arterial roads. The roads upon which a geographical area relies to function.

Average daily traffic (ADT). A 24-hour traffic count from all traffic sources.

Barrier. A natural or man-made obstacle that hinders traffic movement.

Block. The smallest census geographic area averaging 100 people. It is usually bound by four streets or some other physical feature.

Block group. A group of city blocks with an average population of 1,000. Block groups are used in place of enumeration districts in areas where block statistics are tabulated.

Business cluster. The cluster of businesses surrounding a site.

Cannibalism. In a chain corporation, the impact (as measured by the loss of sales) that a new location will have on an existing store.

Captive-shopper location. A confined area, such as an airport, where potential retail customers are typically located because of a non-retail activity.

Census tract. A permanently established geographic area as defined by the U.S. Bureau of Census. It contains an average population of 4,000 persons.

Central business district (CBD). The center or core of a city; may also be known as the downtown of a city.

Common areas. The areas in a building or shopping center that tenants share, such as corridors, elevators, sidewalks, parking, and rights-of-way.

Community shopping center. A center that provides convenience goods and shopping goods. There are generally anchored by two or more of the following stores: a supermarket, drugstore, variety store, home improvement store, or discount/department store. The site is usually ten to forty acres with 100,000-250,000 square feet of leasable space.

Commuters. Individuals who do not live or work in the trade area but travel past a location on their way to and from work.

Competition. The business or businesses a customer thinks of when making a decision to buy a product that you offer.

Convenience business. A concept that depends primarily on a nearby customer base that "drops-in," often for an unplanned visit. Examples would be quick-serve restaurants, convenience stores, and service stations.

Convenience zone. A defined area (usually a one to two mile ring) in which it is very easy and practical to shop or dine at a concept because of its proximity.

Cross easement parking. A legal right to use someone else's property for the purpose of parking.

Customer fit. How well the people living in a zone fit your customer profile.

Customer profile. The demographic and psychographic description of a customer.

Customer segment. A specific demographic group defined by features such as age, income, household size, occupation, or education.

Daytime population. People who shop or work in the vicinity of your store.

Deceleration lane. The expanded width of a road allowing a vehicle to reduce speed in preparation for a right or left turn.

Demand. The volume of customers available for a concept, be it a store or a shopping center.

Demographics. A study of the characteristics of an area's population.

Destination point. An assembly of important traffic generators with strong interest gravitation. See also: interest gravitation.

Destination Zone. The area outside of the trade area that provides additional customers for your concept.

Destination business. Concepts that attract their customers, in part, through uniqueness. Visits to a destination business are often planned ahead of time and may involve driving ten or more miles, depending on the attractiveness and availability of the concept.

Direct competition. Businesses that are very much like your concept in that their theme, merchandise, food, or target customer is similar to yours.

End cap. A term used to describe both ends of a strip center, whether the center is linear, L-shaped, or U-shaped.

Employee access. Measures the convenience of the immediate trade area to individuals coming from work.

Far corner site. A corner site located on the right side of a road just across an intersecting road.

Four-way intersection. An intersection of two main roads, two secondary roads, or a main and a secondary road on which more than 70 percent of the traffic goes straight through the intersection rather than turning. Both roads have two-way traffic.

Free standing. A building that is separate from others. Compare: in-line store.

Freeway. An interstate or intrastate highway with certain distinguishable freeway facilities and features, including a high maximum speed limit, controlled access, and the absence of stop signs or traffic lights.

Frontage. The width of the front of a parcel located on a major street or highway.

Frontage road. A road that runs parallel to or adjacent to a highway; also called a service road.

Hub. The point at which all radial roads in a particular area merge.

Image. A broad concept that describes all of the features that influence a customer's perception of a business.

Indirect competition. Competition that comes from stores that sell your concept as a small part of their overall business or stores that sell goods similar to yours, but with a different theme, price, quality level, or selection.

Ingress. The physical manner of entering a store or its parking area.

Impulse shopper. A shopper who suddenly becomes consciously aware of an unfulfilled need or desire and thereby searches for an outlet to satisfy that need or desire.

In-line store. A retail outlet placed contiguous to neighboring retail concepts, such that their frontages are in a straight line.

Interest gravitation. Interest gravitation is the attraction that orients and moves people toward one or more directions where there are places, objects, and activities of interest.

Interstate system. A system of federal highways, officially established in 1956, that crisscrosses and serves the entire United States.

Isochrone. An imaginary line that connects points that are time-equidistant from a point of departure or a point of arrival.

Land use control. Rules and regulations concerning the use of land that are enacted and governed by political jurisdictions.

Lifestyle. A mode of behavior that is based on personal philosophies with special needs and purchasing patterns, regardless of traditional demographic characteristics.

Market. The area where goods and services are offered for sale (the Marketplace”).

Market fit. The appropriateness a particular concept to the market.

Market penetration. The degree to which your present store locations “penetrate” or exhausts the potential supply of customers in the defined market.

Market share. The ratio of your total business sales to the dollars spent in your industry within the market.

Near corner site. A corner site located on the right side of a road just before an intersecting road.

Neighborhood shopping center. A center that offers daily living goods and services for sale, such as food, drugs, and toiletries for the immediate neighborhood. A supermarket and a drugstore are the typical anchor tenants. The site is usually 3-15 acres with a gross square footage of up to 150,000 square feet.

Node. A major collector of traffic generators that support a central business district or are independent and self-sustaining.

Nodule. A minor collector of traffic generators supporting one or more nodes.

Outlet mall. Also known as an off-price center, an outlet mall, or factory outlet, contains specialty stores that offer merchandise substantially below regular retail prices.

Outlot. A parcel of land located on the perimeter of a shopping center, mall, etc.

Penetration. The relationship between an existing store’s sales and the sales potential of its retail trade zone.

Plat. A parcel of land surveyed and divided into lots.

Plat plan. A drawing of the legal boundaries of a property and the location of buildings within these boundaries.

Power centers. A retail complex featuring a combination of two or more category-killer retailers, discounters, home improvement warehouse club or off-price stores and notable for the absence of much small shop space. These are usually 250-600,000 sf in size on 25 to 80 acres of land.

Primary road. The street that the building façade is designed to face.

Primary trading area. Residents and other business-generated activity that accounts for a minimum of two-thirds of a store's sales.

Prototype. The standard building and/or signage configuration for a concept.

Psychographics. Data that describes the personality, lifestyle, and spending habits of an individual or group.

Quadrant roads. Straight roads generally running in parallel and perpendicular to one another. Quadrant roads roughly form squares.

Radial road. A road that leads directly to and from a central business district, emanating from that CBD like the spoke (or radii) of a wheel.

Radio metro market. The area of a metropolitan statistical area covered by a radio signal.

Recovery Period. The time it takes for the sales of an impacted store to gain or surpass previous sales levels.

Regional awareness. How well a concept is known outside of its primary market.

Regional exposure. Exposure to a multiple lane road carrying living, work, and long-distance traffic.

Regional shopping center. A retail center, typically enclosed, that offers a variety of shopping and having two or more anchors, typically a department stores and a fashion retailer. These sites are 40-100 acres or more with 400,000 to 800,000 square feet of total lease-able area.

Regression model. A statistical tool used to fit a set of data to a theoretical line or curve. The analysis minimizes the difference between the projected line and the data thereby producing a "fit".

Relocation. The closing of an existing store and moving that facility to a more desirable location.

Resident access. Measures the convenience for residents in the neighborhoods around the site to travel to the site's immediate trade area.

Residents. People living in the trade area.

Retail trade zone. The area around a store from which it gets approximately 80 percent of its business. A retail trade zone has different shapes, sizes, and depths, and is bound by natural and human-made impediments, such as mountains, highways, and bridges.

Sales forecasting. The process of predicting sales volume for a particular location.

Saturation. A market that has no more room for a new store of the same type because it would not produce adequate profits and it would impact existing stores excessively. Cf: impact. Cf: cannibalization.

Secondary road. The nearest cross-street from which the site is visible. Sometimes the buildings or signage is referred to here instead of the site itself.

Setback. The distance of a building's front to the middle of the front road.

Site evaluation. The objective assessment of the suitability of a particular site for a specific retail or restaurant concept.

Site quality. A measure of the quality of a piece of real estate, taking into account demographics, site features (such as visibility and access), and competition.

Special populations. Customer sources generated by unique circumstances such as a university, military base, resort, or seasonal resident population.

Strategic access. Measures the convenience of the store's position in the market relative to key customer sources.

Strategic position. How well (or poorly) a site is situated in the immediate retail area relative to others.

Storefront. An in-line store located on a ground floor of a two-story or greater building.

Strip center. A series of small, one-story high stores placed adjacently in a building.

Super-regional Center. Similar to a regional center, it provides a larger variety of shopping goods and services than one. There are usually three or more anchors. The sites are generally 60 acres or larger with 800,000sf of leaseable area.

Swing corner. The corner around which the majority of cars turn left or right at an intersection.

Target market. The segment of a population base that is considered to produce the highest sales for a given concept. As an example, persons earning over $75,000 per year, 30- to 45-years-old, owning two automobiles is a population segment.

Time-convenience line. An imaginary line drawn mentally by your customer between two or more locations, where time to arrive at the location is the deciding factor.

Trade area. The area containing your customers. A common measure is that trade area containing 80% of your customers, the 80% Trade Area.

Traffic. The volume of traffic on the primary roads, secondary roads, and freeways near the site.

Traffic (aggregate). The combination of three types of traffic – living traffic, work traffic, and long-distance traffic.

Traffic inhibitors. Characteristics or conditions that affect the accessibility of traffic flow into and near a site. This includes medians in front of a site, one-way streets, traffic congestion, lane change problems, high-speed traffic flow, etc.

Transients. Customers who neither live in the area, work in the area, nor shop or run errands in the area, but are passing through.

Visibility. The degree to which your store can be discriminated from surrounding stores.

Visibility time. Number of seconds from when a site is recognizable to the time it takes a customer to reach it, all while driving at a normal traffic speed.

Work traffic. Traffic that is generated by people traveling to and from work. Cf: living traffic.

Zoning. Government regulations that control the development of land for the common health, safety, and welfare of the populace.

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